



International Distribution Institute

# **Introduction: customers' data as an important corporate asset**

**Luca Pellegrini, IULM University, Milan**

Back to basics: **Marketing**

A word that we use all the time and take for granted. Let stay a moment on its meaning

**Marketing, a simple and essential definition:**

Creating and managing the **relationships** with actual and potential clients

**How to do it? How was it done through time?**

## Once upon a time: the **Artisan Paradigm**

### It used to be very simple:

- The artisan interacts directly with his potential clients
- He understands what they want and how much they are prepared to pay

### The 4 Ps: Personal adaptation

- **Product** customization
- **Price** discrimination
- **Direct promotion**
- Sales happen in the **place** where they, the artisan and his clients, are



1880-1920: The Art&Craft movement, a reaction to industrialization

Later on, the new dominant paradigm: **Mass Market**

**Economies of scale, lower prices and a larger customer base:**

- Specialization, efficiency and mass production
- Manufacturers move further and further away from their potential clients: intermediaries are needed

**The 4 Ps: Standardization and branding**

- **One product fits all**
- **One price for all**
- **Promotion through mass media**
- **Place: large self-service stores**



Born: April 1982

Discontinued: July 2002

## The need to go back to **Differentiation and Personalization**

### Some customers are prepared to pay more for products that suit them better:

- Product differentiation and personalization are back
- But to do it customers' data are needed, and large companies don't have them
- Their intermediaries have those data but use them to their own advantage

**How to modify mass market business models and reestablish direct relationships with customers?**



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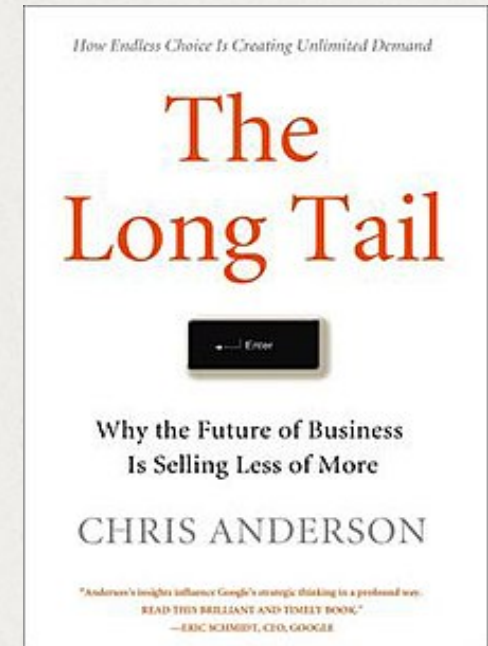
## Direct relationships and information: **Touch Points**

### Two ways to reestablish a direct relationships with customers:

- Initially, vertical integration: a controlled store base
- Then, the new opportunities provided by the internet

**In the 1990s, luxury brands start building a massive store base**

**Then touch points started to multiply online: company sites and social networks**



## The new set up: **Omnichannel Strategy**

1. Consumers' buying journey: they visit the market using the relationship infrastructure provided by brands (touch points)
2. They encounter brands and begin their discourse with them
3. Customers' data start to flow: the raw material on which the relationship with customers is nurtured innovating and personalising products
4. The distinction between communication and sales becomes irrelevant



## Finally, the difficult part: **from Data to Knowledge**

### **Touch points are there, and information starts to flow:**

- A huge amount of data is available; but raw data are “dirty” and difficult to integrate and read
- How to design a flow of **personalized innovation** guided by the information collected from customers?

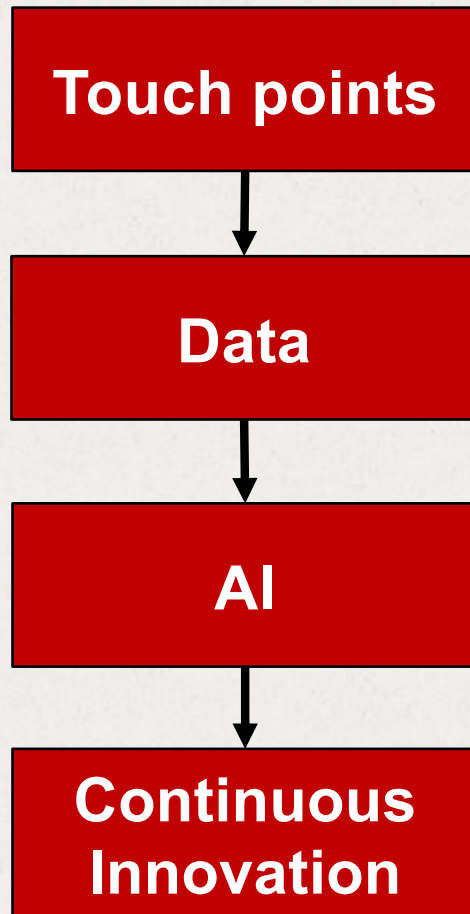
### **AI is the answer**

Continuous and personalised innovation defines a new competitive arena: consumers’ data and the ability to use them become central to thrive in such an environment





## Towards a new competitive environment: the case of fashion



### Two business models:

1. **Fast fashion**: a fast flow of new products based on customers' data but without personalized relationships  
Simple and low cost but brand identities converge
2. **Luxury fashion**: new products based on personalised relationships (personal shoppers)  
Strong brand identities and brand loyalty

**The industrial revolution and the mass market era made us to forget the importance of customers' data**

**They are central to move to an old/new competitive environment - **industrialised artisanship** – enabled by data and technology**